

BREMER COUNTY, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

BREMER COUNTY, IOWA

TABLE OF CONTENTS
JUNE 30, 2007

	<u>Page</u>
<u>Officials</u>	1
<u>Independent Auditor's Report</u>	2
<u>Management's Discussion and Analysis</u>	3-7
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9-10
Governmental Fund Financial Statements:	
Balance Sheet	11-12
Reconciliation of the Balance Sheet – Governmental Funds to the	
Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in	
Fund Balances	14-15
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances – Governmental Funds to the Statement of Activities	16
Proprietary Fund Financial Statements:	
Statement of Net Assets	17
Statement of Revenues, Expenses and Changes in	
Fund Net Assets	18
Statement of Cash Flows	19
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	20
Notes to Financial Statements	21-33
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes	
In Balances – Budget and Actual (Cash Basis) – All Governmental Funds	34
Budget to GAAP Reconciliation	35
Notes to Required Supplementary Information – Budgetary Reporting	36
<u>Other Supplementary Information:</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 37-39
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 40-43
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 44-46
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 47-49
Schedule of Revenues by Source and Expenditures by Function –	
All Governmental Funds	5 50
<u>Independent Auditor's Report on Internal Control Over Financial Reporting and on</u>	
<u>Compliance and Other Matters Based on an Audit of Financial Statements Performed</u>	
<u>in Accordance with Government Auditing Standards</u>	51-52
<u>Schedule of Findings</u>	53-54

BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steven Reuter	Board of Supervisors	January 2009
Ken Kammeyer	Board of Supervisors	January 2009
Gaylord Hinderaker	Board of Supervisors	January 2011
Lynn Brase	County Auditor	January 2009
Sue Shonka	County Treasurer	January 2011
Donna Ellison	County Recorder	January 2011
Duane Hildebrandt	County Sheriff	January 2009
Kasey Wadding	County Attorney	January 2011
Jean Keller	County Assessor	Appointed
Cathy Tholkes	County Finance	Appointed

INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Bremer County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2008 on our consideration of Bremer County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (which is not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the two years ended June 30, 2005 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- ◆ County governmental activities revenue increased 6.4%, or \$775,568 from 2006 to 2007.
- ◆ Program expenses of the County's governmental activities were 10.7%, or \$1,372,260, less in 2007 than in 2006.
- ◆ The County's governmental activities net assets increased 6.5%, or \$1,504,518, during the year ended June 30, 2007.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Bremer County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Bremer County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds are used to account for the County's Internal Service, Employee Group Health Insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

In addition, proprietary funds account for the County's Enterprise Fund, Community Based Services. This fund reports services for which the County charges customers for the services it provides. Enterprise Funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net assets for governmental activities.

Net Assets of Governmental Activities

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 16,563,288	\$ 15,645,854
Capital assets	<u>22,145,899</u>	<u>22,066,023</u>
Total assets	<u>38,709,187</u>	<u>37,711,877</u>
Long-term debt outstanding	7,331,841	7,788,098
Other liabilities	<u>6,897,333</u>	<u>6,948,284</u>
Total liabilities	<u>14,229,174</u>	<u>14,736,382</u>
Net assets:		
Invested in capital assets, net of related debt	15,178,239	15,756,099
Restricted	7,564,925	7,300,321
Unrestricted	<u>1,736,849</u>	<u>(80,925)</u>
Total net assets	\$ <u>24,480,013</u>	\$ <u>22,975,495</u>

Net assets of the County's governmental activities increased by 6.5% (\$24,480,013 compared to \$22,975,495. The largest portion of the County's net assets is the investment in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$(80,925) at June 30, 2006 to \$1,736,849 at June 30, 2007.

Changes in Net Assets of Governmental Activities

	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,883,780	\$ 1,402,427
Operating grants, contributions and restricted interest	5,650,603	5,963,187
Capital grants, contributions and restricted interest	-	20,348
General revenues:		
Property and other County tax	4,747,968	3,771,530
Unrestricted investment earnings	228,643	340,477
Other general revenues	<u>476,382</u>	<u>713,839</u>
Total revenues	<u>12,987,376</u>	<u>12,211,808</u>
Program expenses:		
Public safety and legal services	2,541,744	2,350,794
Physical health and social services	537,280	509,210
Mental health	1,709,989	1,563,561
County environment and education	1,235,079	1,740,850
Roads and transportation	3,325,572	4,349,446
Governmental services to residents	552,693	381,453
Administration	1,336,374	1,712,704
Interest on long-term debt	<u>244,127</u>	<u>247,100</u>
Total expenses	<u>11,482,858</u>	<u>12,855,118</u>
Change in net assets	1,504,518	(643,310)
Net assets – Beginning of year	<u>22,975,495</u>	<u>23,618,805</u>
Net assets – End of year	\$ <u>24,480,013</u>	\$ <u>22,975,495</u>

The results of governmental activities for the year resulted in Bremer County, Iowa's net assets increasing by \$1,504,518. Revenues for governmental activities increased by \$775,568 from the prior year. This increase was due primarily to an increase in charges for service received during the current year in comparison to the prior year.

The cost of all governmental activities this year was \$11,482,858 compared to \$12,855,118 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was \$3,948,475 because some of the cost was paid by those directly benefited from the programs (\$1,883,780) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,650,603).

Business Type Activities

The enterprise fund is used to account for the operation of mental health facilities for Bremer County, Iowa residents through the rental and use of County owned homes, apartment buildings, and the support of various user charges. During the fiscal year ended June 30, 2007, net assets were increased by \$86,260. Revenues decreased 7.0% primarily in intergovernmental charges for services. Expenses were 15.3% less than the prior year, mainly because of decreases in operations and supplies.

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$9,366,222, which is an increase of \$639,352 from last year's total of \$8,726,870.

- General Fund revenues and expenditures increased (decreased) by 7.3% and (.1)% respectively when compared to the prior year. The ending fund balance showed an increase from the prior year of \$505,386 from \$1,676,634 to \$2,182,020.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,728,055, an increase of 10.2% from the prior year. The Mental Health Fund balance at year end decreased by \$181,842 from the prior year.
- Rural Services Fund revenues increased 6.3% while expenditures increased 5.4%. The Rural Services Fund balance increased by \$17,011 from the prior year.
- Solid Waste Management Fund revenues and expenses decreased by .8% and 5.8%, respectively. The Solid Waste Management Fund balance increased by \$259,436 from the prior year.
- Secondary Roads Fund expenditures decreased by \$238,102 from the prior year. There was a decrease in the Secondary Roads Fund ending balance of \$45,181, or 8.8%, due to the expenditure of prior year fund balance accumulations for road projects.
- The Solid Waste Closure Fund balance increased \$29,083 from the prior year to \$1,786,648.

BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County, Iowa amended its budget once. The amendment was made on May 21, 2007 and resulted in an increase in budgeted disbursements in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Bremer County, Iowa had \$22,145,899 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, and roads and bridges. This net increase (including additions, deletions and depreciation) of \$79,876 or .4% over last year. The majority of this increase was due to building additions.

Capital Assets of Governmental Activities at Year End

	<u>2007</u>	<u>2006</u>
Land	\$ 1,153,396	\$ 1,153,396
Buildings and improvements (net)	6,794,918	6,980,814
Machinery and equipment (net)	1,563,799	1,713,132
Infrastructure (net)	<u>12,633,786</u>	<u>12,218,681</u>
Totals	\$ <u>22,145,899</u>	\$ <u>22,066,023</u>
The year's major additions included:		
Roads and bridges	\$ 969,991	\$ 881,802
Machinery and equipment	328,588	342,022
Law Enforcement Center project	<u>257,224</u>	<u>329,020</u>
	\$ <u>1,555,803</u>	\$ <u>1,552,844</u>

The County had depreciation expense of \$1,475,927 for the year ended June 30, 2007 and total accumulated depreciation as of June 30, 2007 of \$16,121,026.

Long-term Debt

At June 30, 2007, Bremer County had \$7,331,841 in bonds and other debt outstanding compared to \$7,788,098 at June 30, 2006, as shown below.

Outstanding Debt of Governmental Activities at Year-End

	<u>2007</u>	<u>2006</u>
General obligation notes and bonds	\$ 5,660,000	\$ 6,105,000
Closure and post closure cost estimate	1,307,660	1,288,960
Compensated absences	364,181	393,153
Sick leave conversion	-	985
Totals	\$ <u>7,331,841</u>	\$ <u>7,788,098</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of \$41 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.7% versus 3.1% a year ago. This compares with the State's unemployment rate of 3.5% and the national rate of 4.6%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.9% for fiscal year 2007 compared with the national rate of 4.3%.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are \$96,427 more than the final 2007 budget. Budgeted disbursements are expected to increase by \$599,258 compared to the final 2007 budget. Increases in County environment and education represent the largest increase. The County has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,335,513 by the close of fiscal year 2007.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.

BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities	Business Type Activities	Total
<u>ASSETS:</u>			
Cash and pooled investments	\$ 9,925,232	\$ 77,192	\$ 10,002,424
Receivables:			
Property tax:			
Delinquent	23,710	-	23,710
Succeeding year	6,047,944	-	6,047,944
Accounts	122,239	35,254	157,493
Accrued interest	81,333	-	81,333
Due from other governments	101,002	109,607	210,609
Inventories	199,438	-	199,438
Prepaid insurance	62,390	-	62,390
Capital assets (net of accumulated depreciation)	22,145,899	310,090	22,455,989
Total assets	38,709,187	532,143	39,241,330
<u>LIABILITIES:</u>			
Accounts payable	479,439	6,207	485,646
Accrued interest payable	18,654	-	18,654
Salaries and benefits payable	290,054	15,380	305,434
Due to other governments	61,242	-	61,242
Deferred revenue:			
Succeeding year property tax	6,047,944	-	6,047,944
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	95,000	-	95,000
General obligation bonds	435,000	-	435,000
Compensated absences	364,181	-	364,181
Portion due or payable after one year:			
General obligation notes	1,970,000	-	1,970,000
General obligation bonds	3,160,000	-	3,160,000
Closure and postclosure costs	1,307,660	-	1,307,660
Total liabilities	14,229,174	21,587	14,250,761
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	15,178,239	310,090	15,488,329
Restricted for:			
Supplemental levy purposes	380,723	-	380,723
Mental health purposes	743,237	-	743,237
Secondary roads purposes	471,165	-	471,165
Closure and postclosure care costs	1,786,648	-	1,786,648
Debt service	22,659	-	22,659
Capital projects	109,152	-	109,152
Other special revenue	4,051,341	-	4,051,341
Unrestricted	1,736,849	200,466	1,937,315
Total net assets	\$ 24,480,013	\$ 510,556	\$ 24,990,569

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

		<u>Program Revenues</u>	
			Operating Grants, Contributions and Restricted Interest
	<u>Expenses</u>	<u>Charges for Service</u>	
<u>FUNCTIONS/PROGRAMS:</u>			
Governmental activities:			
Public safety and legal services	\$ 2,541,744	\$ 362,307	\$ 41,354
Physical health and social services	537,280	172,465	71,037
Mental health	1,709,989	-	1,545,708
County environment and education	1,235,079	653,362	347,695
Roads and transportation	3,325,572	3,334	3,619,417
Governmental services to residents	552,693	691,951	11,270
Administration	1,336,374	361	14,122
Interest on long-term debt	244,127	-	-
Total governmental activities	11,482,858	1,883,780	5,650,603
Business type activities:			
Mental health	1,099,921	1,048,749	109,507
Total	\$ 12,582,779	\$ 2,932,529	\$ 5,760,110

GENERAL REVENUES:

Property and other County tax levied for:
 General purposes
 Debt service
Penalty and interest on property tax
State tax credits
Local option sales and service tax
Unrestricted investment earnings
Miscellaneous
Total general revenues

Change in net assets

NET ASSETS - Beginning of year

NET ASSETS - End of year

Net (Expense) Revenues and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$ (2,138,083)	\$ -	\$ (2,138,083)
(293,778)	-	(293,778)
(164,281)	-	(164,281)
(234,022)	-	(234,022)
297,179	-	297,179
150,528	-	150,528
(1,321,891)	-	(1,321,891)
(244,127)	-	(244,127)
<u>(3,948,475)</u>	<u>-</u>	<u>(3,948,475)</u>
<u>-</u>	<u>58,335</u>	<u>58,335</u>
<u>(3,948,475)</u>	<u>58,335</u>	<u>(3,890,140)</u>
3,975,125	-	3,975,125
24,252	-	24,252
49,600	-	49,600
190,568	-	190,568
748,591	-	748,591
228,643	1,725	230,368
236,214	26,200	262,414
<u>5,452,993</u>	<u>27,925</u>	<u>5,480,918</u>
1,504,518	86,260	1,590,778
<u>22,975,495</u>	<u>424,296</u>	<u>23,399,791</u>
\$ <u>24,480,013</u>	\$ <u>510,556</u>	\$ <u>24,990,569</u>

BREMER COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

		Special Revenue			
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>	<u>Secondary Roads</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 2,292,323	\$ 847,083	\$ 165,023	\$ 1,886,100	\$ 423,420
Receivables:					
Property tax:					
Delinquent	15,435	1,692	6,494	-	-
Succeeding year	4,073,215	446,422	1,503,269	-	-
Accounts	77,980	350	-	18,877	16,715
Due from other governments	21,677	14,168	-	-	-
Inventories	-	-	-	-	199,438
Prepaid expenses	33,019	-	-	2,538	26,833
TOTAL ASSETS	\$ 6,513,649	\$ 1,309,715	\$ 1,674,786	\$ 1,907,515	\$ 666,406
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 52,562	\$ 61,705	\$ 240	\$ 10,830	\$ 112,593
Salaries and benefits payable	180,223	11,440	9,354	6,790	82,247
Due to other governments	10,194	45,219	-	5,428	401
Deferred revenue:					
Succeeding year property tax	4,073,215	446,422	1,503,269	-	-
Other	15,435	1,692	6,494	-	-
Total liabilities	<u>4,331,629</u>	<u>566,478</u>	<u>1,519,357</u>	<u>23,048</u>	<u>195,241</u>
<u>FUND BALANCES:</u>					
Reserved for:					
Supplemental levy	380,723	-	-	-	-
Debt service	-	-	-	-	-
Closure and postclosure costs	-	-	-	-	-
Unreserved reported in:					
General fund	1,801,297	-	-	-	-
Special revenue funds	-	743,237	155,429	1,884,467	471,165
Capital projects fund	-	-	-	-	-
Total fund balances	<u>2,182,020</u>	<u>743,237</u>	<u>155,429</u>	<u>1,884,467</u>	<u>471,165</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,513,649	\$ 1,309,715	\$ 1,674,786	\$ 1,907,515	\$ 666,406

<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 1,786,562	\$ 2,072,193	\$ 9,472,704
-	89	23,710
-	25,038	6,047,944
86	7,068	121,076
-	65,157	101,002
-	-	199,438
-	-	62,390
<u>\$ 1,786,648</u>	<u>\$ 2,169,545</u>	<u>\$ 16,028,264</u>

\$ -	\$ 1,162	\$ 239,092
-	-	290,054
-	-	61,242
-	25,038	6,047,944
-	89	23,710
-	26,289	6,662,042

-	-	380,723
-	22,659	22,659
1,786,648	-	1,786,648
-	-	1,801,297
-	2,011,445	5,265,743
-	109,152	109,152
<u>1,786,648</u>	<u>2,143,256</u>	<u>9,366,222</u>

\$ <u>1,786,648</u>	\$ <u>2,169,545</u>	\$ <u>16,028,264</u>
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BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

TOTAL GOVERNMENTAL FUND BALANCES	\$ 9,366,222
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$38,266,925 and the accumulated depreciation is \$16,121,026.	22,145,899
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds	81,333
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	23,710
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to the funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	213,344
Long-term liabilities, including notes payable, bonds payable, compensated absences payable, closure and postclosure care costs and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(7,350,495)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>24,480,013</u>

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

			<u>Special Revenue</u>	
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 3,978,632	\$ 436,056	\$ 1,488,414	\$ -
Interest and penalty on property tax	49,600	-	-	-
Intergovernmental	556,511	1,074,071	73,281	-
Licenses and permits	316,929	-	-	-
Charges for service	691,431	-	-	533,874
Use of money and property	235,738	-	-	53,951
Fines, forfeitures and defaults	5,541	-	-	-
Miscellaneous	164,251	36,086	-	-
Total revenues	<u>5,998,633</u>	<u>1,546,213</u>	<u>1,561,695</u>	<u>587,825</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	2,289,109	-	222,868	-
Physical health and social services	534,235	-	-	-
Mental health	-	1,728,055	-	-
County environment and education	654,049	-	146,055	318,389
Roads and transportation	-	-	-	-
Governmental services to residents	573,163	-	-	-
Administration	1,292,091	-	2,161	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>5,342,647</u>	<u>1,728,055</u>	<u>371,084</u>	<u>318,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>655,986</u>	<u>(181,842)</u>	<u>1,190,611</u>	<u>269,436</u>
Other financial sources (uses):				
Operating transfers in	11,500	-	-	-
Operating transfers out	<u>(162,100)</u>	<u>-</u>	<u>(1,173,600)</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>(150,600)</u>	<u>-</u>	<u>(1,173,600)</u>	<u>(10,000)</u>
Net change in fund balances	505,386	(181,842)	17,011	259,436
<u>FUND BALANCES</u> - Beginning of year	<u>1,676,634</u>	<u>925,079</u>	<u>138,418</u>	<u>1,625,031</u>
<u>FUND BALANCES</u> - End of year	\$ <u>2,182,020</u>	\$ <u>743,237</u>	\$ <u>155,429</u>	\$ <u>1,884,467</u>

Exhibit E

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ 975,309	\$ 6,878,411
-	-	-	49,600
1,900,886	-	43,417	3,648,166
3,260	-	1,863	322,052
74	-	5,632	1,231,011
-	29,083	57,987	376,759
-	-	-	5,541
157,312	-	95,527	453,176
<u>2,061,532</u>	<u>29,083</u>	<u>1,179,735</u>	<u>12,964,716</u>
-	-	-	2,511,977
-	-	-	534,235
-	-	-	1,728,055
-	-	15,701	1,134,194
3,521,063	-	-	3,521,063
-	-	-	573,163
-	-	-	1,294,252
-	-	689,851	689,851
81,350	-	257,224	338,574
<u>3,602,413</u>	<u>-</u>	<u>962,776</u>	<u>12,325,364</u>
<u>(1,540,881)</u>	<u>29,083</u>	<u>216,959</u>	<u>639,352</u>
1,495,700	-	614,375	2,121,575
-	-	(775,875)	(2,121,575)
<u>1,495,700</u>	<u>-</u>	<u>(161,500)</u>	<u>-</u>
(45,181)	29,083	55,459	639,352
<u>516,346</u>	<u>1,757,565</u>	<u>2,087,797</u>	<u>8,726,870</u>
\$ <u>471,165</u>	\$ <u>1,786,648</u>	\$ <u>2,143,256</u>	\$ <u>9,366,222</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 639,352

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and retainage payable exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,555,803	
Retainage payable	204,924	
Depreciation expense	<u>(1,475,927)</u>	284,800

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Principal payments paid by the County		445,000
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Because some revenues will not be collected for several months after the County's year end, they are not considered available and are excluded from the governmental funds.

Property taxes	\$ (4,652)	
Interest	<u>27,312</u>	22,660

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; as follows:

Closure and postclosure costs	\$ (18,700)	
Compensated absences	28,972	
Interest on long-term debt	727	
Early retirement	<u>985</u>	11,984

The Internal Service Fund is used by management to charge the costs of employee health benefits to the funds. The change in net assets of the Internal Service Fund is reported with the governmental activities

100,722

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,504,518

BREMER COUNTY, IOWASTATEMENT OF NET ASSETSPROPRIETARY FUNDSJUNE 30, 2007

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 452,528	\$ 77,192	\$ 529,720
Receivables:			
Accounts	1,163	35,254	36,417
Due from other governments	-	109,607	109,607
Capital assets	-	592,180	592,180
Accumulated depreciation	-	(282,090)	(282,090)
 TOTAL ASSETS	 453,691	 532,143	 985,834
<u>LIABILITIES:</u>			
Accounts payable	240,347	6,207	246,554
Salaries and benefits payable	-	15,380	15,380
 TOTAL LIABILITIES	 240,347	 21,587	 261,934
<u>NET ASSETS:</u>			
Unrestricted	\$ 213,344	\$ 510,556	\$ 723,900

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>OPERATING REVENUES:</u>			
Reimbursements from operating funds	\$ 1,074,972	\$ -	\$ 1,074,972
Reimbursements from employees	99,228	-	99,228
Intergovernmental charges for service	-	1,048,749	1,048,749
Other charges for service	-	15,904	15,904
Building rent	-	93,603	93,603
Miscellaneous	202,373	26,200	228,573
Total operating revenues	<u>1,376,573</u>	<u>1,184,456</u>	<u>2,561,029</u>
<u>OPERATING EXPENSES:</u>			
Medical claims	1,031,268	-	1,031,268
Insurance premiums	217,352	-	217,352
Administrative fees	38,436	-	38,436
Salaries and benefits	-	928,594	928,594
Operations and supplies	-	145,743	145,743
Depreciation	-	25,584	25,584
Total operating expenses	<u>1,287,056</u>	<u>1,099,921</u>	<u>2,386,977</u>
Operating income	89,517	84,535	174,052
<u>NONOPERATING REVENUES:</u>			
Interest on investments	<u>11,205</u>	<u>1,725</u>	<u>12,930</u>
Net income	100,722	86,260	186,982
Net assets beginning of year	<u>112,622</u>	<u>424,296</u>	<u>536,918</u>
Net assets end of year	\$ <u>213,344</u>	\$ <u>510,556</u>	\$ <u>723,900</u>

BREMER COUNTY, IOWA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2007

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operating fund reimbursements, employees and others	\$ 1,375,995	\$ 1,148,368	\$ 2,524,363
Cash payments to suppliers and employees for services	(1,292,056)	(1,111,301)	(2,403,357)
NET CASH PROVIDED BY OPERATING ACTIVITIES	83,939	37,067	121,006
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	11,205	1,725	12,930
NET INCREASE IN CASH AND CASH EQUIVALENTS	95,144	38,792	133,936
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of year	357,384	38,400	395,784
<u>CASH AND CASH EQUIVALENTS</u> - End of year	\$ 452,528	\$ 77,192	\$ 529,720
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income	\$ 89,517	\$ 84,535	\$ 174,052
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	25,584	25,584
Decrease (increase) in accounts receivable	(578)	73,519	72,941
Increase in due to other governments	-	(109,607)	(109,607)
Decrease in accounts payable	(5,000)	(6,305)	(11,305)
Decrease in salaries and benefits payable	-	(30,659)	(30,659)
Net cash provided by operating activities	\$ 83,939	\$ 37,067	\$ 121,006

BREMER COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2007ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,149,958
Other County officials		40,231
Accounts		14,066
Property tax receivable:		
Delinquent		144
Succeeding year		<u>18,081,072</u>
	TOTAL ASSETS	<u>19,285,471</u>

LIABILITIES

Accounts payable		2,203
Due to other governments		19,203,593
Trusts payable		40,231
Salaries and benefits payable		20,197
Compensated absences		<u>19,247</u>
	TOTAL LIABILITIES	<u>19,285,471</u>
	NET ASSETS	\$ <u>-</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bremer County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, Assessor, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Bremer County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission, and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

The MH-DD Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated areas.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Solid Waste Closure Fund is used to account for the reserves to be used for closure and post closure expenditures of the landfill, when the landfill no longer accepts solid waste.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Enterprise Fund

An Enterprise Fund is used to finance and account for the operation of mental health facilities for Bremer County residents through the rental and use of County owned buildings and the support of various user charges.

Fiduciary Fund

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within 60 days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but less than 2,000 days, but the maturities shall be consistent with the needs and use of the County.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 3: LOANS RECEIVABLE

The County has \$122,835 available to use for economic development within the County. At June 30, 2007 there are no loans outstanding for economic development.

NOTE 4: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Secondary Roads	LOSST	\$ 200,000
Conservation Land Acquisition	General Fund	40,000
Secondary Roads	Rural Services	1,173,600
LOSST Sinking Fund	LOSST	574,375
General Fund	Solid Waste Management	10,000
General Fund	Recorder's Records Management	1,500
Secondary Roads	General Fund	<u>122,100</u>
		\$ <u>2,121,575</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Additions and Other Increases	Disposals and Other Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,153,396	\$ -	\$ -	\$ 1,153,396
Construction in progress	<u>4,479,018</u>	<u>1,227,215</u>	<u>5,485,088</u>	<u>221,145</u>
Total capital assets not being depreciated	<u>5,632,414</u>	<u>1,227,215</u>	<u>5,485,088</u>	<u>1,374,541</u>
Capital assets being depreciated:				
Buildings	1,430,784	4,196,412	-	5,627,196
Building improvements	2,047,630	-	-	2,047,630
Equipment	5,747,368	265,548	-	6,012,916
Vehicles	782,056	63,040	-	845,096
Infrastructure	<u>21,070,870</u>	<u>1,288,676</u>	<u>-</u>	<u>22,359,546</u>
Total capital assets being depreciated	<u>31,078,708</u>	<u>5,813,676</u>	<u>-</u>	<u>36,892,384</u>
Less accumulated depreciation for:				
Buildings	732,696	84,518	-	817,214
Building improvements	243,922	39,917	-	283,839
Equipment	4,223,561	256,982	-	4,480,543
Vehicles	592,731	220,939	-	813,670
Infrastructure	<u>8,852,189</u>	<u>873,571</u>	<u>-</u>	<u>9,725,760</u>
Total accumulated depreciation	<u>14,645,099</u>	<u>1,475,927</u>	<u>-</u>	<u>16,121,026</u>
Total capital assets being depreciated, net	<u>16,433,609</u>	<u>4,337,749</u>	<u>-</u>	<u>20,771,358</u>
Governmental activities capital assets, net	\$ <u>22,066,023</u>	\$ <u>5,564,964</u>	\$ <u>5,485,088</u>	\$ <u>22,145,899</u>
Business type activities:				
Buildings and building improvements	\$ 490,388	\$ -	\$ -	\$ 490,388
Furniture, vehicles and equipment	<u>101,792</u>	<u>-</u>	<u>-</u>	<u>101,792</u>
	592,180	-	-	592,180
Less accumulated depreciation	<u>256,506</u>	<u>25,584</u>	<u>-</u>	<u>282,090</u>
Business type activities capital assets, net	\$ <u>335,674</u>	\$ <u>(25,584)</u>	\$ <u>-</u>	\$ <u>310,090</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 121,865
Physical health and social services	9,225
Mental health	1,924
County environment and education	115,805
Roads and transportation	1,167,229
Governmental services to residents	2,783
Administration	<u>57,096</u>
Total depreciation expense – governmental activities	\$ <u>1,475,927</u>
Business type activities	\$ <u>25,584</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 10,194
Special Revenue:		
MH-DD	Services	45,219
Secondary Roads		401
Solid Waste Management		<u>5,428</u>
Total for governmental funds		\$ <u>61,242</u>
Agency:		
Schools	Collections	\$ 10,885,494
Corporations		6,055,652
Community Colleges		712,058
Auto License and Use Tax		441,906
County Assessor		509,516
Townships		191,299
Agricultural Extension Education		176,188
All Other		<u>231,480</u>
Total for agency funds		\$ <u>19,203,593</u>

NOTE 7: CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	<u>General Obligation Courthouse Notes</u>	<u>Estimated Liability for Landfill Closure/ Postclosure Care Costs</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>General Obligation LOSST Bonds</u>	<u>Wartburg General Obligation Economic Development Bond</u>	<u>Total</u>
Balance beginning of year	\$ 25,000	\$ 1,288,960	\$ 985	\$ 393,153	\$ 4,015,000	\$ 2,065,000	\$ 7,788,098
Increases	-	18,700	-	364,181	-	-	382,881
Decreases	<u>25,000</u>	<u>-</u>	<u>985</u>	<u>393,153</u>	<u>420,000</u>	<u>-</u>	<u>839,138</u>
Balance end of year	\$ <u>-</u>	\$ <u>1,307,660</u>	\$ <u>-</u>	\$ <u>364,181</u>	\$ <u>3,595,000</u>	\$ <u>2,065,000</u>	\$ <u>7,331,841</u>
Due within one year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>364,181</u>	\$ <u>435,000</u>	\$ <u>95,000</u>	\$ <u>894,181</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: CHANGES IN LONG-TERM LIABILITIES (Continued)

Notes Payable

During the year ended June 30, 2007, the County retired \$25,000 of general obligation notes.

Landfill Closure Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$1,307,600 reported as estimated liability for landfill closure and postclosure care costs at June 30, 2007, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill expected to be used before closure. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2007. The County closed the landfill on September 30, 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has reserved \$1,786,648 of funds as of June 30, 2007 for such purposes. These funds are reflected as reserved fund balance within the Special Revenue, Solid Waste Closure Fund.

Early Retirement

The County approved an early retirement policy during the year ended June 30, 2004. Applicants must submit a written request to the department head at least 14 days prior to the date the employee wishes to retire. Eligible employees are those who are eligible to retire under the rule of IPERS or those who have a doctor certified disability. The benefits will be a lump sum which will be applicable to the continuance of the employee's health care insurance under the County plan. The lump sum calculation will be the employee's sick leave hours unused at the time of retirement (one-half of the hours for employees with less than ten years service) times one-half of the employee's last hourly pay. The County paid \$985 in early retirement benefits during the year ended June 30, 2007. A liability has been recorded representing the County's commitment to fund non-current early retirement obligations.

Bonds Payable

A summary of the County's June 30, 2007 General Obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	3.00%	\$ 435,000	\$ 142,397	\$ 577,397
2009	3.25%	160,000	129,348	289,348
2010	3.50%	165,000	124,147	289,147
2011	3.60%	170,000	118,372	288,372
2012	3.70%	175,000	112,253	287,253
2013-2017	3.70%-4.15%	985,000	456,698	1,441,698
2018-2022	4.25%-4.55%	1,225,000	232,935	1,457,935
2023	4.60%	280,000	12,880	292,880
		\$ 3,595,000	\$ 1,329,030	\$ 4,924,030

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: CHANGES IN LONG-TERM LIABILITIES (Continued)

During the year ended June 30, 2007, the County retired \$420,000 in General Obligation bonds.

During the fiscal year 2005, the County issued a General Obligation Economic Development Bond on behalf of a contractor for the purpose of building student housing at Wartburg College. Bonds are payable on June 1 and December 1 each year, interest commences December 1, 2004 principal commences on June 1, 2008.

A summary of the County's June 30, 2007 General Obligation Economic Development indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	3.25%	\$ 95,000	\$ 81,450	\$ 176,450
2009	3.25%	100,000	78,362	178,362
2010	3.25%	100,000	75,113	175,113
2011	3.30%	105,000	71,862	176,862
2012	3.50%	110,000	68,398	178,398
2013-2017	3.60%-4.05%	620,000	278,238	898,238
2018-2022	4.10%-4.50%	760,000	141,930	901,930
2023	4.50%	<u>175,000</u>	<u>7,875</u>	<u>182,875</u>
		\$ <u>2,065,000</u>	\$ <u>803,228</u>	\$ <u>2,868,228</u>

NOTE 8: OPERATING LEASE

During the year ended June 30, 2006, the County entered into an agreement to lease a copier. The lease agreement calls for monthly payments over a 60 month term. Future minimum payments under the lease are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2008	\$ 1,356
2009	1,356
2010	1,356
2011	<u>1,130</u>
	\$ <u>5,198</u>

Payments under the operating lease totaled \$1,356 for the year ended June 30, 2007.

NOTE 9: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$321,793, \$290,515, and \$277,346, respectively, equal to the required contributions for each year.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 10: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were \$108,344.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$300,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. This plan was funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County and employees' contributions to the fund for the year ended June 30, 2007 were \$1,174,200.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$240,347 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$213,344 at June 30, 2007 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ <u>245,347</u>
Incurred claims (including claims incurred but not reported as of June 30, 2007):	
Current-year events	1,061,268
Prior year events	<u>(30,000)</u>
Total incurred claims	<u>1,031,268</u>
Payments:	
Current-year events	820,921
Prior year events	<u>215,347</u>
Total payments	<u>1,036,268</u>
Unpaid claims end of year	\$ <u>240,347</u>

NOTE 12: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2007, the outstanding balance of retirement facility revenue bonds is \$17,400,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

NOTE 13: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2007, the County had construction commitments of \$78,640, with payments on the contracts to be made as the work is completed.

NOTE 14: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2006 have been reclassified to conform with the June 30, 2007 presentation.

REQUIRED SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 6,873,595 ✓	\$ 6,777,038 ✓	\$ 6,777,038 ✓	\$ 96,557
Interest and penalty on property tax	49,600 ✓	8,000 ✓	8,000 ✓	41,600
Intergovernmental	3,820,206 ✓	4,149,112 ✓	4,191,248 ✓	(371,042)
Licenses and permits	295,716 ✓	282,610 ✓	282,610 ✓	13,106
Charges for service	1,239,940 ✓	1,156,685 ✓	1,156,685 ✓	83,255
Use of money and property	415,575 ✓	225,565 ✓	230,565 ✓	185,010
Miscellaneous	448,789 ✓	231,730 ✓	331,509 ✓	117,280
Total receipts	<u>13,143,421 ✓</u>	<u>12,830,740 ✓</u>	<u>12,977,655 ✓</u>	<u>165,766</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	2,516,007 ✓	2,726,492 ✓	2,727,833 ✓	211,826
Physical health and social services	521,447 ✓	574,726 ✓	620,000 ✓	98,553
Mental health	1,806,378 ✓	1,883,793 ✓	1,883,793 ✓	77,415
County environment and education	1,134,045 ✓	1,231,877 ✓	1,253,723 ✓	119,678
Roads and transportation	3,545,528 ✓	3,546,200 ✓	3,546,200 ✓	672
Governmental services to residents	572,057 ✓	509,252 ✓	589,142 ✓	17,085
Administration	1,326,532 ✓	1,360,024 ✓	1,448,597 ✓	122,065
Nonprogram current	- ✓	125,000 ✓	125,000 ✓	125,000
Debt service	681,049 ✓	681,049 ✓	681,049 ✓	-
Capital projects	350,793 ✓	1,085,000 ✓	1,085,000 ✓	734,207
Total disbursements	<u>12,453,836 ✓</u>	<u>13,723,413 ✓</u>	<u>13,960,337 ✓</u>	<u>1,506,501</u>
Excess (deficiency) of receipts over (under) disbursements	689,585	(892,673) ✓	(982,682) ✓	1,672,267
Other financing sources, net	<u>4,771 ✓</u>	<u>-</u>	<u>-</u>	<u>4,771</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	694,356	(892,673) ✓	(982,682) ✓	1,677,038
<u>BALANCE</u> - Beginning of year	<u>8,817,118 ✓</u>	<u>7,611,958 ✓</u>	<u>7,611,958 ✓</u>	<u>1,205,160</u>
<u>BALANCE</u> - End of year	\$ <u>9,511,474 ✓</u>	\$ <u>6,719,285 ✓</u>	\$ <u>6,629,276 ✓</u>	\$ <u>2,882,198</u>

BREMER COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 13,143,421	\$ (178,705)	\$ 12,964,716
Expenditures	<u>12,453,836</u>	<u>(128,472)</u>	<u>12,325,364</u>
Net	689,585	(50,233)	639,352
Other financing sources (uses)	4,771	(4,771)	-
Beginning fund balance	<u>8,817,118</u>	<u>(90,248)</u>	<u>8,726,870</u>
Ending fund balance	\$ <u>9,511,474</u>	\$ <u>(145,252)</u>	\$ <u>9,366,222</u>

BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$236,924. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

OTHER SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue				
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>	<u>LOSST Sinking Fund</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 808,054	\$ 136,829	\$ 7,029	\$ 32,161	\$ 26,800
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	1,316	572	9	49	-
Due from other governments	<u>65,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>874,527</u>	\$ <u>137,401</u>	\$ <u>7,038</u>	\$ <u>32,210</u>	\$ <u>26,800</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>					
Reserved for debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue	874,527	137,401	7,038	32,210	26,800
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>874,527</u>	<u>137,401</u>	<u>7,038</u>	<u>32,210</u>	<u>26,800</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>874,527</u>	\$ <u>137,401</u>	\$ <u>7,038</u>	\$ <u>32,210</u>	\$ <u>26,800</u>

Special Revenue								
LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise	Solid Waste Fee	Drainage Districts	Conservation Land Acquisition
\$ 512,040	\$ 122,578	\$ 31,846	\$ 29,797	\$ 1,611	\$ 19,377	\$ 30,885	\$ 2,719	\$ 178,930
-	-	-	-	-	-	-	-	-
15	257	43	519	2	-	-	-	4,012
-	-	-	-	-	-	-	-	-
\$ 512,055	\$ 122,835	\$ 31,889	\$ 30,316	\$ 1,613	\$ 19,377	\$ 30,885	\$ 2,719	\$ 182,942
\$ -	\$ -	\$ 1,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,162	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
512 055	122 835	30 727	30 316	1 613	19,377	30,885	2,719	182,942
-	-	-	-	-	-	-	-	-
512,055	122,835	30,727	30,316	1,613	19,377	30,885	2,719	182,942
\$ 512,055	\$ 122,835	\$ 31,889	\$ 30,316	\$ 1,613	\$ 19,377	\$ 30,885	\$ 2,719	\$ 182,942

BREMER COUNTY, IOWA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Debt Service Fund	Capital Projects Law Center Construction Fund	Total
<u>ASSETS</u>			
Cash and pooled investments	\$ 22,659	\$ 108,878	\$ 2,072,193
Receivables:			
Property tax:			
Delinquent	89	-	89
Succeeding year	25,038	-	25,038
Accounts	-	274	7,068
Due from other governments	-	-	65,157
TOTAL ASSETS	\$ 47,786	\$ 109,152	\$ 2,169,545
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ -	\$ 1,162
Deferred revenue:			
Succeeding year property tax	25,038	-	25,038
Other	89	-	89
Total liabilities	25,127	-	26,289
<u>FUND BALANCES:</u>			
Reserved for debt service	22,659	-	22,659
Unreserved, reported in:			
Special revenue	-	-	2,011,445
Capital projects	-	109,152	109,152
Total fund equity	22,659	109,152	2,143,256
TOTAL LIABILITIES AND FUND EQUITY	\$ 47,786	\$ 109,152	\$ 2,169,545

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue			
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 748,591	\$ 202,302	\$ -	\$ -
Intergovernmental	-	-	9	3,749
Licenses and permits	-	-	-	-
Charges for service	-	-	-	-
Use of money and property	42,022	2,849	30	427
Miscellaneous	-	-	-	-
Total revenues	<u>790,613</u>	<u>205,151</u>	<u>39</u>	<u>4,176</u>
<u>EXPENDITURES:</u>				
Operating:				
County environment and education	-	-	-	-
Debt service	-	81,851	-	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>81,851</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>790,613</u>	<u>123,300</u>	<u>39</u>	<u>4,176</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(774,375)	-	-	-
Total other financing sources (uses)	<u>(774,375)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,238	123,300	39	4,176
<u>FUND BALANCES - Beginning of year</u>	<u>858,289</u>	<u>14,101</u>	<u>6,999</u>	<u>28,034</u>
<u>FUND BALANCES - End of year</u>	<u>\$ 874,527</u>	<u>\$ 137,401</u>	<u>\$ 7,038</u>	<u>\$ 32,210</u>

Special Revenue						
LOSST Sinking Fund	LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	15,466	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,632	-	-
-	193	2,969	532	156	20	1,200
-	-	-	-	-	-	-
<u>-</u>	<u>193</u>	<u>2,969</u>	<u>15,998</u>	<u>5,788</u>	<u>20</u>	<u>1,200</u>
-	-	-	-	-	-	-
-	-	-	7,404	-	-	-
573,718	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>573,718</u>	<u>-</u>	<u>-</u>	<u>7,404</u>	<u>-</u>	<u>-</u>	<u>-</u>
(573,718)	193	2,969	8,594	5,788	20	1,200
574,375	-	-	-	-	-	-
-	-	-	-	(1,500)	-	-
<u>574,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>
657	193	2,969	8,594	4,288	20	1,200
<u>26,143</u>	<u>511,862</u>	<u>119,866</u>	<u>22,133</u>	<u>26,028</u>	<u>1,593</u>	<u>18,177</u>
\$ <u>26,800</u>	\$ <u>512,055</u>	\$ <u>122,835</u>	\$ <u>30,727</u>	\$ <u>30,316</u>	\$ <u>1,613</u>	\$ <u>19,377</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Special Revenue</u>		
	<u>Solid</u> <u>Waste</u> <u>Fee</u>	<u>Drainage</u> <u>Districts</u>	<u>Conservation</u> <u>Land</u> <u>Acquisition</u>
<u>REVENUES:</u>			
Property and other County tax	\$ -	\$ -	\$ -
Intergovernmental	9,384	-	14,809
Licenses and permits	-	-	750
Charges for service	-	-	-
Use of money and property	-	-	3,042
Miscellaneous	-	-	5,102
Total revenues	<u>9,384</u>	<u>-</u>	<u>23,703</u>
<u>EXPENDITURES:</u>			
Operating:			
County environment and education	-	-	8,297
Debt service	8,800	-	-
Capital projects	-	-	-
Total expenditures	<u>8,800</u>	<u>-</u>	<u>8,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>584</u>	<u>-</u>	<u>15,406</u>
Other financing sources (uses):			
Operating transfers in	-	-	40,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,000</u>
Net change in fund balances	584	-	55,406
<u>FUND BALANCES</u> - Beginning of year	<u>30,301</u>	<u>2,719</u>	<u>127,536</u>
<u>FUND BALANCES</u> - End of year	\$ <u>30,885</u>	\$ <u>2,719</u>	\$ <u>182,942</u>

Schedule 2 (Continued)

Debt Service Fund	Capital Projects	
	Law Center Construction Fund	Total
\$ 24,416	\$ -	\$ 975,309
-	-	43,417
1,113	-	1,863
-	-	5,632
-	4,547	57,987
-	90,425	95,527
<u>25,529</u>	<u>94,972</u>	<u>1,179,735</u>
-	-	15,701
25,482	-	689,851
-	257,224	257,224
<u>25,482</u>	<u>257,224</u>	<u>962,776</u>
<u>47</u>	<u>(162,252)</u>	<u>216,959</u>
-	-	614,375
-	-	(775,875)
-	-	(161,500)
47	(162,252)	55,459
<u>22,612</u>	<u>271,404</u>	<u>2,087,797</u>
\$ <u>22,659</u>	\$ <u>109,152</u>	\$ <u>2,143,256</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2007

	<u>County Offices</u>		<u>Agricultural</u>
	<u>County</u>	<u>County</u>	<u>Extension</u>
	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ 3,488
Other County officials	15,000	25,231	-
Receivables:			
Accounts	-	-	-
Property tax:			
Delinquent	-	-	1
Succeeding year	-	-	172,699
	<u>-</u>	<u>-</u>	<u>172,699</u>
TOTAL ASSETS	\$ <u>15,000</u>	\$ <u>25,231</u>	\$ <u>176,188</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	176,188
Trusts payable	15,000	25,231	-
Salaries and benefits payable	-	-	-
Compensated absences	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>15,000</u>	\$ <u>25,231</u>	\$ <u>176,188</u>

Schedule 3

<u>County</u> <u>Assessor</u>	<u>Schools</u>	<u>Community</u> <u>Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City</u> <u>Special</u> <u>Assessments</u>
\$ 169,903	\$ 220,218	\$ 17,388	\$ 71,166	\$ 4,796	\$ 4,047
-	-	-	-	-	-
97	-	-	-	-	-
1	68	6	67	1	-
<u>374,723</u>	<u>10,665,208</u>	<u>694,664</u>	<u>5,984,419</u>	<u>186,502</u>	<u>-</u>
\$ <u>544,724</u>	\$ <u>10,885,494</u>	\$ <u>712,058</u>	\$ <u>6,055,652</u>	\$ <u>191,299</u>	\$ <u>4,047</u>
\$ 970	\$ -	\$ -	\$ -	\$ -	\$ -
509,516	10,885,494	712,058	6,055,652	191,299	4,047
-	-	-	-	-	-
17,680	-	-	-	-	-
<u>16,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>544,724</u>	\$ <u>10,885,494</u>	\$ <u>712,058</u>	\$ <u>6,055,652</u>	\$ <u>191,299</u>	\$ <u>4,047</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

	Auto License and Use Tax	Other	Total
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ 441,906	\$ 217,046	\$ 1,149,958
Other County officials	-	-	40,231
Receivables:			
Accounts	-	13,969	14,066
Property tax:			
Delinquent	-	-	144
Succeeding year	-	2,857	18,081,072
TOTAL ASSETS	\$ 441,906	\$ 233,872	\$ 19,285,471
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 1,233	\$ 2,203
Due to other governments	441,906	227,433	19,203,593
Trusts payable	-	-	40,231
Salaries and benefits payable	-	2,517	20,197
Compensated absences	-	2,689	19,247
TOTAL LIABILITIES	\$ 441,906	\$ 233,872	\$ 19,285,471

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Auditor</u>	<u>County Sheriff</u>
Balances beginning of year	\$ <u>-</u>	\$ <u>25,099</u>	\$ <u>16,795</u>
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Office fees and collections	484,190	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	629	284,920
Miscellaneous	-	-	-
Total additions	<u>484,190</u>	<u>629</u>	<u>284,920</u>
Deductions:			
Agency remittances:			
To other governments	119,060	-	-
Trusts paid out	<u>365,130</u>	<u>10,728</u>	<u>276,484</u>
Total deductions	<u>484,190</u>	<u>10,728</u>	<u>276,484</u>
Balances end of year	\$ <u>-</u>	\$ <u>15,000</u>	\$ <u>25,231</u>

Schedule 4

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ <u>161,129</u>	\$ <u>448,355</u>	\$ <u>10,053,328</u>	\$ <u>818,751</u>	\$ <u>5,555,310</u>	\$ <u>158,389</u>	\$ <u>4,691</u>
176,786	383,358	10,922,960	714,973	7,398,421	192,484	-
-	-	-	-	-	-	-
7,838	16,564	490,467	39,136	265,200	8,156	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	140,385
-	-	-	-	-	-	-
-	28,213	-	-	-	-	-
<u>184,624</u>	<u>428,135</u>	<u>11,413,427</u>	<u>754,109</u>	<u>7,663,621</u>	<u>200,640</u>	<u>140,385</u>
169,565	331,766	10,581,261	860,802	7,163,279	167,730	141,029
-	-	-	-	-	-	-
<u>169,565</u>	<u>331,766</u>	<u>10,581,261</u>	<u>860,802</u>	<u>7,163,279</u>	<u>167,730</u>	<u>141,029</u>
\$ <u>176,188</u>	\$ <u>544,724</u>	\$ <u>10,885,494</u>	\$ <u>712,058</u>	\$ <u>6,055,652</u>	\$ <u>191,299</u>	\$ <u>4,047</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

<u>ASSETS AND LIABILITIES</u>	Auto License and <u>Use Tax</u>	<u>Other</u>	<u>Total</u>
Balances beginning of year	\$ <u>416,626</u>	\$ <u>128,306</u>	\$ <u>17,786,779</u>
Additions:			
Property and other County tax	-	279,660	20,068,642
E911 surcharge	-	148,766	148,766
State tax credits	-	150	827,511
Office fees and collections	-	5,636	489,826
Auto licenses, use tax and postage	5,261,721	-	5,261,721
Assessments	-	-	140,385
Trusts	-	74,077	359,626
Miscellaneous	-	8,075	36,288
Total additions	<u>5,261,721</u>	<u>516,364</u>	<u>27,332,765</u>
Deductions:			
Agency remittances:			
To other governments	5,236,441	403,153	25,174,086
Trusts paid out	-	7,645	659,987
Total deductions	<u>5,236,441</u>	<u>410,798</u>	<u>25,834,073</u>
Balances end of year	\$ <u>441,906</u>	\$ <u>233,872</u>	\$ <u>19,285,471</u>

BREMER COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	2007	2006	2005	2004	2003	2002	2001
<u>REVENUES:</u>							
Property and other County tax	\$ 6,878,411	\$ 6,284,298	\$ 6,052,821	\$ 5,207,785	\$ 4,282,234	\$ 3,932,252	\$ 3,774,894
Interest and penalty on property tax	49,600	40,636	42,804	44,451	44,487	46,391	44,020
Intergovernmental	3,648,166	3,731,301	4,880,199	3,644,926	3,574,954	3,921,006	4,383,594
Licenses and permits	322,052	221,814	200,170	155,811	137,844	135,170	114,515
Charges for service	1,231,011	1,184,065	1,229,355	1,274,480	1,167,851	924,484	836,128
Use of money and property	376,759	317,050	266,886	223,839	256,342	385,377	518,850
Fines, forfeitures and defaults	5,541	2,629	-	-	-	-	-
Miscellaneous	453,176	366,393	298,883	373,885	210,365	120,897	180,847
Total	\$ 12,964,716	\$ 12,148,186	\$ 12,971,118	\$ 10,925,177	\$ 9,674,077	\$ 9,465,577	\$ 9,852,848
<u>EXPENDITURES:</u>							
Operating:							
Public safety and legal services	\$ 2,511,977	\$ 2,313,922	\$ 1,953,695	\$ 1,890,744	\$ 1,615,367	\$ 1,507,052	\$ 1,408,421
Physical health and social services	534,235	512,458	465,340	483,770	411,970	459,202	433,339
Mental health	1,728,055	1,567,486	1,416,369	1,531,881	1,530,660	1,489,916	1,808,004
County environment and education	1,134,194	1,138,378	3,177,166	1,281,420	920,217	1,181,270	1,491,882
Roads and transportation	3,521,063	3,569,534	3,401,696	3,377,603	2,962,086	2,896,916	3,073,668
Governmental services to residents	573,163	382,663	462,790	457,446	382,252	356,189	313,480
Administration	1,294,252	1,666,265	1,002,011	1,081,711	1,686,453	1,435,514	1,632,714
Non-program	-	-	3,991	-	-	-	29,987
Debt service	689,851	713,348	700,218	965,218	58,181	60,106	62,032
Capital projects	338,574	1,168,136	3,001,102	1,994,118	533,767	708,084	301,052
Total	\$ 12,325,364	\$ 13,032,190	\$ 15,584,378	\$ 13,063,911	\$ 10,100,953	\$ 10,094,249	10,554,579

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 25, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bremer County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bremer County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Bremer County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Bremer County, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Bremer County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 07-II-A is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bremer County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Bremer County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County, Iowa and other parties to whom Bremer County, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 25, 2008

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements
- b. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c. The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

REPORTABLE CONDITIONS:

- 07-II-A Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Other Findings Related to Required Statutory Reporting

- 07-III-A Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.
- 07-III-B Questionable Expenditures – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 07-III-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 07-III-D Business Transactions – No business transactions between the County and County officials or employees were noted.
- 07-III-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part III: Other Findings Related to Required Statutory Reporting (Continued)

- 07-III-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, on January 2, 2007, the Supervisors went into closed session but the minutes did not document the specific exemption under Iowa Code Section 21.5

Recommendation – The minutes should include the specific exemption under Iowa Code Section 21.5 when entering closed sessions

Response – We will include the specific exemption in future minutes.

Conclusion – Response accepted.

- 07-III-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- 07-III-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- 07-III-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.